REPORT OF THE DIRECTOR-GENERAL

APPENDIX

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86th Session 1998

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Appendix

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CONTENTS

APPENDIX: *Report on the situation of workers of the occupied Arab territories* 1

Introduction 1
Recent developments 3
The economy and the labour market 7
Conditions of work, freedom of association and industrial relations 16
Technical cooperation 22

APPENDIX

Report on the situation of workers of the occupied Arab territories

INTRODUCTION

1. This report is based on the mission sent by the Director-General to gather data and information on the employment conditions of workers of the occupied Arab territories,[1] as well as documentation received by the ILO. This year the authorization to travel to Israel and the occupied Arab territories was received late.

2. As in the past, the Director-General had addressed a request to this effect to the Israeli authorities, which was subsequently reiterated several times, in a letter dated 22 January 1998. The Israeli Government replied in a letter dated 6 April 1998 that it had been giving serious consideration to the request, but that it was bound to observe that the report for 1997 did not conform with the assurances given, both in writing and orally, prior to the dispatch of last year's mission. The politicized contents of that report, in its view, together with its prejudiced tone and thrust, had contributed directly to the pressure behind the Governing Body's decision to resurrect the "discriminatory" practice of holding a special sitting on the subject at the next session of the International Labour Conference. The Government went on to state that this renewed singling out of Israel had substantively changed the situation and the request that Israel receive and cooperate with the proposed mission now had to be reconsidered in a totally new light.

3. As no definitive reply had been given by 24 April 1998, the Director-General decided to send the mission to Jordan and invite a number of Palestinian personalities, mentioned below, to provide the members of the mission in Amman with information on the situation of workers of the occupied Arab territories. The Jordanian Government kindly authorized the mission to travel to Amman and meet with these personalities there. The visit took place from 27 April to 1 May 1998.

4. The mission eventually received the necessary authorizations to travel to Israel and the occupied territories on 8 May 1998. In view of the limited time left for drafting, translating and distributing the report to the International Labour

[1] See the resolution concerning the implications of Israeli settlements in Palestine and other occupied Arab territories in connection with the situation of Arab workers, adopted by the International Labour Conference at its 66th Session (1980).

Conference, it confined its visit to two-and-a-half working days (11-13 May 1998). Under these circumstances, the report is slightly shorter this year.

5. The members of the ILO mission this year were Mr. Jean-Michel Servais, Chief of the Task Force on Industrial Relations, Ms. Jane Hodges of the Equality and Human Rights Coordination Branch and Mr. Fred Fluitman of the Training Policies and Systems Branch.

6. As in previous years, another mission visited the Syrian Arab Republic from 29 March to 1 April 1998. Its members were Mr. Ibrahim Souss, Assistant Director-General responsible for ILO activities in the Arab region, and Mr. Lee Swepston, Chief of the Equality and Human Rights Coordination Branch. They held consultations with government authorities and the employers' and workers' organizations concerned. In particular, they met in Damascus with the Minister of State for Foreign Affairs, the Minister of Labour and Social Affairs, the Governor of the Province of Quneitra, the General Federation of Syrian Trade Unions, the Damascus Chamber of Industry and the International Confederation of Arab Trade Unions (ICATU).

7. The information available relates partly to the relevant legislation in the fields within the ILO's area of competence. In this respect, it should be recalled that the Palestinians living in Israeli-controlled portions of the territories continue to be covered by a body of law derived from Ottoman, British mandate, Jordanian and Egyptian sources (the legal framework in the Gaza Strip being Egyptian law and that in the West Bank Jordanian law), as well as Israeli military orders. For the Palestinian-controlled areas, certain laws and regulations have been adopted by the Palestinian Authority (for example, the taxation law has been implemented, with taxes being collected). But first and foremost, the information concerns the real conditions of work and employment of the workers of the occupied Arab territories in areas such as equality of opportunity and treatment in employment, access to the labour market, actual working conditions, social security and industrial relations. In examining these different issues, the members of the mission bore in mind in particular the principles and objectives laid down in the Constitution of the Organization and its Preamble, the Declaration of Philadelphia annexed to it, as well as the international labour standards adopted by the ILO and the principles enunciated by its supervisory bodies. Special mention should be made of the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

8. During their visit to Amman the members of the mission met with Mr. Ahmad Majdalani, Director-General, Arab and International Relations, of the Palestinian Authority. Mr. Majdalani stated that the latter wished to meet with the ILO mission in its premises, not in Amman. A similar position was taken by Mr. Ma'az Nabulsi, President of the Nablus Chamber of Commerce and Industry. The mission met in Amman with Mr. Shaher Sa'ad, Secretary-General of the Palestine General Federation of Trade Unions (PGFTU) and Mr. Hussein Al Foqah'a, a member of the National Secretariat of this workers' organization, Mr. Luay Shabaneh, Director, Labour Statistics, of the Palestinian Central Bureau

of Statistics (PCBS) and Mr. Mahmoud Jaradat, who was in charge of the recent census, as well as Mr. Hassan Barghouti, Executive Director of the Democracy and Workers' Rights Centre, Ramallah. They also met Mr. Salem Ajluni, Head of the Economic and Social Monitoring Unit of the Office of the United Nations Special Coordinator in the Occupied Territories (UNSCO).

9. During their visit to Israel and the occupied Arab territories, the members of the mission were received in Jerusalem by Mr. Yigal Ben-Shalom, Director-General of the Ministry of Labour and Social Affairs of Israel, Mr. Eli Paz, Senior Deputy Director-General, and by their staff. They met with Major General Ya'acov Orr, Coordinator of Government Activities in the Territories of the Ministry of Defence. They also held discussions in Tel Aviv with representatives of the Manufacturers' Association of Israel and the Histadrut trade union federation, as well as its International Institute.

10. They met in Ramallah with the Deputy Minister of Labour of the Palestinian Authority, Mr. Hisham Anabtawi, and his staff. They also held discussions with Mr. Rasem Bayari, Deputy Secretary-General of the PGFTU, and with Professor Sari Nusseibeh, President of Al-Quds University.

11. Before they left, the members of the mission were received in Gaza by Ms. Arafat at her Foundation Avenir for disabled boys and girls.

12. At the beginning of their visit to Amman, the mission had met with Mr. Jorgen Lissner, Resident Coordinator of the United Nations Development Programme (UNDP) in Jordan. They would like to extend their warmest thanks to him and to his staff for their assistance during their visit. The mission is also grateful to Mr. Tim Rothermel, UNDP Special Representative in East Jerusalem, his colleagues, and ILO staff, for the facilities they provided.

RECENT DEVELOPMENTS

13. In a letter dated 28 January 1998, the Government of Israel sent its comments on the ILO report on the situation of workers of the occupied Arab territories published in 1997. According to the Government, the report reconfirmed Israel's contention, frequently made over the years, that the annual reports were distorted, tendentious and highly politicized. Their main purpose seemed to be "Israel-bashing". Few countries, adds the Government, would have exhibited the cooperation, forbearance and openness Israel had demonstrated vis-à-vis the annual mission over the past two decades. Its hope and expectation to see a report which was honest, unbiased and, most important, constructive from the point of view of Palestinian workers, had been disappointed year by year. Nonetheless, Israel had continued to cooperate with the mission. The assurances, given in advance, that the 1997 report would focus essentially on the needs of the Palestinian people and the activities and assistance which the ILO was undertaking and should undertake to respond to these needs, had proved hollow: there were ten paragraphs on technical cooperation out of a total of 90 in the report.

14. Instead, the Government went on, much of the report was *ultra vires* in terms of the ILO's mandate: totally extraneous issues had been gratuitously

addressed; a recklessly cavalier attitude had been displayed towards Israel's security concerns; relentless Palestinian terror inside Israel had been played down; and the closure of Palestinian territories had been presented almost *ex nihilo* with the scant reference to terrorist outrages which had provoked the restrictions on Palestinians' movement and employment; the authors of the report had not been averse to making demonstrably false assertions, and to using emotive and distorted phraseology. By and large, according to the Government, the 1997 report had relied heavily and uncritically on slanted Palestinian and Syrian sources, while giving virtually no credence to the Israeli authorities with whom they met. In brief, they had made a sham of the whole exercise, and at base, the whole report was fundamentally flawed, resting on the unspoken but implied assumption that Palestinian workers had a right to unimpeded access to Israel and its labour market at all times — and that Israel was somehow obliged to respect that "right". This assumption was, of course, completely false, legally and in every other sense. Hence, according to the Government, much of the harsh criticism of Israel in the report was simply not valid, and fell away.

15. As mentioned above, information was also gathered in the Syrian Arab Republic. The mission's interlocutors emphasized that the situation, which had been well described in the 1997 report, had not changed essentially in the occupied territories; it had even become worse. The Syrian Government did, however, object to the use of any terms that described the inhabitants of the Golan otherwise than as Syrian citizens under occupation; in particular, it rejected the reference to the Druze and Jewish inhabitants of this area. It also objected to the use of the term "Golan Heights" which, according to the Government, was not used by other United Nations agencies and created a misplaced emphasis on the strategic importance of this area. In a letter to the Director-General of the ILO dated 28 April 1998, Mr. Ali Khalil, Minister of Labour and Social Affairs of the Syrian Arab Republic, regretted that the 1997 report did not contain a more detailed description of the problems faced by the persons working in this region. Owing to the lateness of the mission and the limitations on it, it was not possible to visit the area and hence to respond to this request. Written information was, however, received after the mission's return to Geneva from a legal representative of the Arab population of the village of Majdal Shams. It is summarized below.

16. The Golan was occupied in 1967 and annexed by Israel in 1981. This decision was never recognized by the United Nations or by the Arab population which has always lived in the region and which has always called itself Syrian. The peace agreements do not cover this area. The position of the Government of Israel is that the Golan, to which Israeli law, jurisdiction and administration have been applied, does not constitute an occupied Arab territory within the meaning of the Director-General's report.

17. The mission was informed that the situation regarding access to higher education and to employment had not changed since last year. The Israeli authorities did not allow new students from the occupied Golan to travel to study at Damascus University and local Arab teachers still had problems obtaining places to teach in the region's schools despite their qualifications. Likewise, the situation of discrimination in the spheres of agricultural production and exports,

confiscation of land and access to water resources was said to be the same as in previous years. It was stated that the new Israeli policy of importing apples from Europe had affected the Golan apple growing sector badly, with prices dropping and apple stocks having to be stored. Agricultural workers therefore had to seek work in other sectors or in Israel, which was difficult for them.

18. During the mission undertaken to the Syrian Arab Republic, the General Federation of Syrian Trade Unions described the situation in the Golan in the same terms. The International Confederation of Arab Trade Unions (ICATU) stressed the need for ILO technical assistance to the inhabitants of the Golan, in particular vocational training, given that agriculture, the main economic activity there, was diminishing. The Syrian Minister of State for Foreign Affairs also expressed the hope during the visit to the Syrian Arab Republic that technical assistance to Golan workers would be forthcoming from the ILO.

19. The Ministry of Labour of the Palestinian Authority stated in general in a communication dated 22 April 1998 that the situation of Palestinians working in Israel was worsening. It denounced the frequent closure of the occupied territories ordered by the Israeli authorities despite the fact that the territories were heavily dependent on Palestinian workers employed in Israel. It also referred to rigid procedures, harassment and insults by Israeli soldiers when Palestinian workers went through crossing points. It considers that these acts were contrary to the Oslo and Paris accords and were a manifestation of a policy of collective punishment. More specific allegations will be taken up below in this report. The mission was informed on its return that several Palestinians had been killed and many more wounded in confrontations with the Israeli security forces.

20. In faxes dated 12 and 16 March 1998 the PGFTU sent information to the Director-General of the ILO concerning acts of homicide at a checkpoint near Hebron committed by Israeli soldiers on three Palestinian workers returning from work in Israel on 10 March 1998; five other Palestinian workers had been wounded. It was pointed out that the three workers who were killed held valid permits and were members of the PGFTU. The PGFTU added that the two soldiers concerned had not been held in prison, but had been released. The case is before the Israeli courts.

21. Lastly, the Democracy and Workers' Rights Centre in Ramallah gave the mission a document concerning supervision of the application of legislation in the Erez industrial zone. This document lists violations of the law committed against Palestinian workers, which will also be described below.

22. Generally speaking, the mission's interlocutors again highlighted two points. The first concerns the economic and social repercussions of the closure of the territories. Data on the closures will be given below. Bomb attacks and other acts of violence were tragically committed against Israelis and citizens of other countries. In particular, they were victims of bombings in Jerusalem and Tel Aviv. Sixteen persons were killed and 178 wounded on 30 July 1997 in an open market in Jerusalem. Another attack on 4 September 1997 in a Jerusalem

pedestrian mall killed five persons and wounded 181.[2] There is some divergence between the views of each side as to the extent and purpose of the ensuing closures of the territories. The Palestinian interlocutors still considered that the closures and restrictions on work permits for employment in Israel were not always justified by security considerations but were also used as a form of collective punishment. In many cases they wondered about the real reason for the specific measures adopted. In particular, they pointed out how easy it was to cross the "green line" between the West Bank and Israel at any time, contrary to the situation obtaining in Gaza, which they felt was evidence of the fact that security considerations were not necessarily the main concern.

23. The Palestinian personalities interviewed also raised the problem of settlements again. They stressed that human resources and land were the only resources in the territories; the expansion of settlements entailed land confiscation and had a direct negative impact on the inhabitants' means of subsistence. According to information published in the newspaper *Ha'aretz* on Tuesday, 28 April 1998, the Israeli Government had issued permits for the construction of 807 new housing units in the Efrat settlement in the West Bank, just under three times the initially planned figure. The number of housing units that could be built had thus almost quadrupled. The plan for expansion includes a road linking Gush Etzion to the site of the new settlement planned in East Jerusalem, Jabal Abu Ghenaim/Har Homa. The report on human rights practices for 1997 prepared by the United States Department of State[3] stated that 150,000 Israeli settlers now lived in the West Bank and Gaza Strip and were subject to Israeli law. While considering that this was a political matter lying outside the ILO's competence, the Israeli authorities mentioned that some 15,000 Palestinian workers were employed in the settlements.

24. The Director-General of the Ministry of Labour and Social Affairs of Israel and the Coordinator of Government Activities in the Territories of the Ministry of Defence explained the labour policy now applied to Palestinian workers in Israel. They pointed out to the mission that since the peace agreements, the Israeli Government had proceeded from the assumption that cooperation with the Palestinian Authority was in the mutual interest of both parties. It had therefore decided to reduce the number of foreign workers and increase that of Palestinian workers. In doing so it took a calculated risk, since these foreign workers had been authorized to work in Israel because of the terrorist threat. It also had to convince Israeli employers of the reasons for this policy and ensure that there was a certain amount of regularity in the possibility of Palestinian workers coming to work in Israel.

[2] United States Department of State: *Country reports on human rights practices for 1997: Report submitted to the Committee on International Relations, US House of Representatives, and the Committee on Foreign Relations, US Senate* (Washington, DC, US Government Printing Office, Mar. 1998).

[3] ibid.

25. They pointed out that the Israeli Government had taken a number of decisions since August 1997:

(a) cancellation of the quotas for Palestinian workers;

(b) approval of a plan to allow most of the latter to continue to work in Israel even during sensitive security situations;

(c) permitting the overnight stay of a number of Palestinian workers in Israel;

(d) lowering the age of workers entitled to work in Israel to 23 (with the intention of further reducing the age if the security situation allows it);

(e) allowing for more flexible working hours in Israel, so that Palestinians will be able to work until evening or even in shifts;

(f) facilities already organized to enable Israeli employers to meet Palestinian jobseekers;

(g) forging cooperation, in particular, between heads of the construction trade in Israel and senior representatives of the Palestinian Authority, with the goal of expanding Palestinian employment in this sector through progressive and traditional methods (see below).

26. The mission's interlocutors emphasized that this was a process which had been decided in principle, but which would take some time to implement fully. The actual results obtained to date are mentioned below. The Israeli authorities added that it was also intended to replace military personnel by civilians at the Gaza checkpoint (Erez) initially and then at other checkpoints and in general to simplify the procedures governing the movement of Palestinians, whether they were workers, tradesmen or engaged in transportation. Basically, the policy was to prevent, as far as possible, political difficulties and security problems from having a detrimental effect on economic and social life. This also meant, in their view, that the Palestinian authorities must endeavour to ensure that no terrorists slipped in among the persons authorized to enter Israel. Lastly, they pointed out that no closure had been ordered since September 1997 except during the celebration of the 50th anniversary of Israel's independence.

THE ECONOMY AND THE LABOUR MARKET

27. As has been documented in earlier issues of this report, the economy of the occupied territories, vulnerable all along, because beset by numerous constraints, has been subject to gradual decline since the signing of the Oslo agreements in 1993. A recent publication by the International Monetary Fund (IMF) puts the 1996 GDP of the West Bank and Gaza Strip at about US$3,200 million, and their GNP at US$3,400 million, yielding a per capita income for 1996 of US$1,333, almost 20 per cent, in real terms, below the level of 1993.[4] A key phenomenon in the slide has been the serious deterioration of the situation in the Palestinian labour market, mainly as a result of measures taken by Israel

[4] International Monetary Fund (IMF): *Recent economic developments, prospects, and progress in institution building in the West Bank and Gaza Strip* (Washington, DC, 1997).

in the wake of a number of deadly attacks on its citizens. Lengthy closures of access to income-earning opportunities, not only in Israel but, increasingly, also within the territories, have contributed directly to an increase in levels of unemployment and poverty.

28. Among a number of national income and national product estimates, most of them of the same order but not strictly comparable without adjustment, for example for inflation and exchange rate fluctuations, or for not including the economy of East Jerusalem, those recently published by the Palestinian Central Bureau of Statistics (PCBS) indicate a Palestinian GDP in 1996 of US$3,897 million (at current prices), US$1,186 million or 30.4 per cent of it realized in the Gaza Strip, US$483 million (12.4 per cent) in Jerusalem, and US$2,227 million (57.1 per cent) in the remaining West Bank. If account is taken of net income earned abroad and of current population estimates, per capita national income comes to US$1,537 for the territories as a whole, ranging from US$2,536 in Jerusalem to US$1,933 in the remaining West Bank and US$1,368 in the Gaza Strip.[5] According to the Office of the United Nations Special Coordinator in the Occupied Territories (UNSCO),[6] earlier economic growth projections for 1997 by the Palestinian Authority Ministry of Finance and the IMF, of 5.5 per cent for GDP and 8.0 per cent for GNP, failed to materialize, notably as a consequence of an increase in the number of *internal* closure days, imposed on all or part of the West Bank, from 27 in 1996 to 40 in 1997; at the end of October, these GDP and GNP growth rates for the year were therefore revised downward to 1.2 and 3.4 per cent, respectively,[7] pointing, once again, to negative growth in terms of per capita income. At the end of the first quarter of 1998, the outlook for the current year looked promising, however, as there had been no comprehensive closures since September 1997, and as labour flows to Israel and Israeli settlements and other indicators, such as commercial truck flows with exports and imports, had increased by leaps and bounds. That being said, the hoped-for economic development of the territories and, hence, overall levels of employment and income remain critically dependent on reaching, and sustaining, levels of private investment generally considered unrealistic in the present climate of uncertainty. Meanwhile, the Palestinian population and labour force continue to grow at comparatively high rates, complicating further what must be done to restore social progress.

[5] Palestinian Central Bureau of Statistics (PCBS): *National accounts 1995-1996: Preliminary estimates* (Ramallah, 1998).

[6] United Nations, Office of the Special Coordinator in the Occupied Territories (UNSCO): *UNSCO Report on economic and social conditions in the West Bank and Gaza Strip, Spring 1998* (Gaza, 15 Apr. 1998).

[7] Palestinian Authority Ministry of Finance: *Report on fiscal developments in April-September 1997 and outlook for remainder of 1997* (Gaza, 31 Oct. 1997).

Population and labour force

29. Towards the end of 1997, PCBS undertook its first Population, Housing and Establishment Census. Preliminary results show a total population, at the time, of 2,890,631 persons; just over 1 million of them (35 per cent of the total) were counted in the Gaza Strip and almost 2 million in the West Bank, including an estimated Palestinian population of some 210,000 in annexed Jerusalem. These totals cover all Palestinians residing permanently or temporarily in the territories covered by the census, as well as residents known to be abroad for less than one year (without time-limit in the case of students abroad) or detained in Israeli jails. An estimated 325,000 Palestinian identity card holders abroad for more than one year were not included. Earlier PCBS population estimates for the end of 1997, based essentially on Israeli data and covering only residents actually present in the areas, had suggested a total of 2,761,000 persons, 47 per cent of them under the age of 15 years.[8]

30. The Israeli Central Bureau of Statistics reports a further 8 per cent increase in the number of Jewish settlers living in the occupied Palestinian territories other than East Jerusalem, from 137,400 at the end of 1995 to 148,400 at the end of 1996; of these 142,700 lived in the West Bank.[9] Current estimates of the number of settlers in the West Bank are around 155,000.[10] The number of Israeli residents of East Jerusalem is estimated at just over 200,000.[11]

31. Two new rounds of the PCBS labour force survey were completed during 1997. Results for the period July-September suggest a labour force participation rate of 41.4 per cent for the territories as a whole. Of the Palestinian population in the West Bank aged 15 and over, 44.3 per cent were either working or available for work and seeking it (72.4 per cent in the case of men and 15.2 per cent in the case of women); in the Gaza Strip, labour force participation was estimated at 34.4 per cent (62.6 per cent for men and only 5.5 per cent for women). While it is difficult to explain the — relatively minor — variations in these figures over time, it may be stressed, as was done in previous editions of this report, that the low rates of female participation are more likely to reflect problems of definition than the reality of all sorts of work known to be done by women, in Palestine as much as elsewhere. Indeed, more than half of the men and women aged 15 years or over and classified as non-participants in the labour force were reported to be home-makers.

[8] See, for example, the PCBS Website at http://www.pcbs.org.

[9] Israel, Central Bureau of Statistics (CBS): *Statistical Abstract of Israel 1997*, No. 48 (Jerusalem, 1997), tables 2.5 and 2.7.

[10] See, for example, David Makovsky: "PM's plan leaves Jewish enclaves in West Bank", in *Ha'aretz* (English edition) 28 Apr. 1998 (http://www.haaretz.co.il).

[11] See, for example, Allison B. Hodgkins: *The Judaization of Jerusalem — Israeli policies since 1967* (Jerusalem, PASSIA, 1996).

32. The results of subsequent rounds of the PCBS labour force survey suggest that the Palestinian labour force continues to grow at a brisk rate of close to 5 per cent per year. Such growth is explained both by the considerable increase in the working-age population and by various "push and pull" factors that make people decide to seek employment or not to do so. In the circumstances of the territories, declining family income resulting from high unemployment is undoubtedly among such factors. Thus, by the end of 1997, the Palestinian labour force is likely to have exceeded, for the first time, 600,000 persons, one-third of them resident in the Gaza Strip and two-thirds in the West Bank. During the year, an average of 79 per cent of labour force participants were employed, while an average of 21 per cent were unemployed, according to the standard ILO definitions adopted by PCBS. These averages, it should be pointed out, mask significant variations according to location, such as those between the West Bank and the Gaza Strip, and over time, as illustrated in table 1.

Table 1. Employment status of the Palestinian labour force, different periods, 1995-97 (percentages of the total labour force)

Employment status	Sep./Oct. 1995	Apr./May 1996	Jul./Oct. 1996	Oct. 1996/ Jan. 1997	Feb./Mar. 1997	Apr./Jun. 1997	Jul./Sep. 1997
Employed	81.8	71.6	78.2	81.7	80.5	81.1	78.5
Wage employed in territories	37.3	35.3	35.6	34.9	36.2	35.2	35.0
Wage employed in Israel and settlements	13.2	6.8	12.7	15.7	15.0	13.5	12.6
Self-employed/employer	23.0	20.7	22.2	23.0	22.0	23.0	23.4
Unpaid family worker	8.3	8.8	7.7	8.2	7.3	9.4	7.5
Unemployed	18.2	28.4	21.8	18.3	19.5	18.9	21.5

Source: Based on PCBS labour force survey.

33. Variations from month to month in the employment status of Palestinian labour force participants, rather than being seasonal in the conventional sense of the term, are mainly associated with the political climate of the occupied territories. In response to certain terrorist attacks, closures preventing people and goods from moving across the "green line" separating the territories from Israel, and even within the territories, had been particularly severe in 1996. While some such attacks occurred again in 1997, and similar closures were imposed in response, the employment situation last year was, on the whole, an improvement over that in 1996. The continued high level of unemployment and the limited proportion of wage jobs that are stable and otherwise satisfying are nonetheless considered a lasting cause for concern, if only because they point to social and related problems that are not always easily contained.

Employment within the occupied territories

34. The current labour force survey finds that just over one-third of the Palestinian labour force is working for wages within the territories. Another 30 per cent are self-employed or employers, most of them in micro-enterprises, or unpaid family workers. Preliminary results of the recently conducted Palestinian census suggest that at the end of 1997, some 191,000 persons, including 31,000 women, were working in 76,728 private sector enterprises operating in the territories, excluding the part of Jerusalem annexed by Israel following the 1967 war. Comparing these totals to the results of a 1994 PCBS census of establishments leads to the conclusion that, at an annual rate of some 8 per cent per year, there has been a considerable increase in private sector employment during the period concerned.

35. Information derived from successive budgets of the Palestinian Authority shows that employment in the public sector has also continued to grow, from 39,500 in December 1994 to 58,800 in December 1995 and 75,047 in December 1996. The share of the police force increased from 35 to 41 and 45 per cent over the period; the largest category of civil servants consists of some 20,000 teachers. Meanwhile, data obtained from UNSCO suggest that public sector employment increased further to reach around 86,000 by the end of 1997. The above figures do not include an unknown number of jobs provided by municipalities and almost 9,000 UNWRA employees, again, most of them teachers.

36. These figures add up to almost 300,000 Palestinians, that is about half of the labour force, working within the territories at the end of 1997, one-third of them in the public sector and two-thirds in the private sector. If one were to find it plausible, for instance, that the establishment census could have under-reported private sector employment in agriculture, and unpaid family work, the picture is more or less consistent with that arrived at on the basis of the labour force survey, as represented in table 1.

37. It is difficult to predict in the current uncertain circumstances where either public or private sector employment within the territories is heading. While it seems unlikely that the Palestinian Authority is either able or willing to increase further the size of the civil service and police force, there may be an upswing in private investment as and when risks wane and once the necessary infrastructure is in place and running. High hopes are placed in projects such as the establishment, with considerable support from external donors and now at an advanced stage, of a new "closure-free" industrial park at the Karni checkpoint in the Gaza Strip, which, it is said, will create tens of thousands of new jobs for Palestinians, mainly in the manufacturing sector; other such ventures are being planned, for example for the Jenin area on the West Bank.

Employment in Israel and in settlements

38. For many years, including those of the uprising known as the "intifada", well over one-third of the Palestinian labour force depended for their livelihood on jobs in Israel. From Gaza and all over the West Bank, by some accounts as

many as 160,000 workers, almost 120,000 of them registered, would commute across the green line on "normal" days in 1992. Closures became a permanent feature in 1993; they were either complete, or lifted only for those with the necessary permits. The *average* number of work permit holders, and of days on which they were actually able to work, as reported by the Israeli Employment Service on the basis of the payment of wages for which it is responsible, dropped dramatically: in 1993, some 9.7 million days were worked by 49,600 registered workers, which gives an average of 196 days per worker; in 1994, some 6.7 million days by 36,200 workers; in 1995, some 5.7 million days by 31,100 workers; and in 1996, some 4.1 million days by 24,400 workers, an average of 168 days per worker.

39. There are a number of indicators suggesting that this trend reversed itself as of September 1997, and that Palestinian employment in Israel and in Israeli settlements continued to increase gradually in the early months of 1998. Basically, there were more permits available and fewer days of comprehensive closure than in 1996. UNSCO estimates that 20.5 per cent of potential workdays,[12] that is 57 days, were lost as a result of comprehensive closures in 1997, compared to 29 per cent in 1996. It estimates further that on an average working day in 1997 there were about 38,000 Palestinian workers, from among some 50,000 permit holders (40,000 for work in Israel and 10,000 for work in settlements and industrial zones) employed in Israel, Israeli settlements and Israeli industrial zones, representing a 14.4 per cent increase over 1996.[13] Flows had reached their peak of more than 50,000 in June and July 1997, when another suicide attack led to the cancellation of all permits.

40. As of September 1997, permits were issued again, this time in accordance with new policies, as explained to the mission during meetings with the Israeli Coordinator of Government Activities in the Territories and the Director-General of the Israeli Ministry of Labour and Social Affairs. Quotas are no longer set for the number of Palestinians allowed to work in Israel, demands by Israeli employers and security considerations being the sole determinants. Accordingly, the number of Palestinian permit holders could increase, relatively soon, to 100,000-120,000, and possibly more in the future. It was further decided by the Israeli Government that "even during sensitive security situations" some 30,000 Palestinian workers would be identified by computer and allowed to come to work, unlike during earlier periods of comprehensive closure. Other new policies include the possibility for up to 5,000 Palestinian workers to stay overnight legally in Israel, and for others to work more flexible hours, for example in shifts.

[12] Excluding weekends and Muslim and Jewish holidays, there were 277.5 potential workdays during the year.

[13] UNSCO, op. cit., and idem: *A briefing on some economic and social indicators for the WBGS, 1997* (Gaza, 27 Apr. 1998).

41. According to the Israeli Ministry of Labour, work permits had been issued to some 55,000-60,000 Palestinians during the first few months of this year. The Payments Section of the Israeli Employment Service made data available to the mission showing that during the first three months of 1998, on average, 39,739 Palestinian workers were on their books, as compared to a monthly average of 34,599 for 1997. On average, gross earnings were NIS2,710 per worker per month (currently US$738)[14] during the first three months of 1998 as compared to NIS2,228 (US$607) per month in 1997, an increase of 21.6 per cent.

42. There are several possible explanations for the discrepancy between the number of permits issued and actual labour flows. First and foremost, there is the fact that permits cannot be used during periods of comprehensive closure; together with the fact that there are periods when few, if any, persons hold permits, this is illustrated, for the past few years, in figure 1. Furthermore, according to the Palestinian Ministry of Labour, entry may be denied on "normal" days to certain permit holders at the discretion of border guards, as a form of harassment or for administrative reasons, which are now reported to include non-payment of debts to Israeli authorities or Israeli citizens.[15] Then there is the possibility of a permit holder no longer being demanded by the Israeli employer; and finally, the inability of the permit holder to go to work owing to illness or for other personal reasons.

43. It is not always easy to decide which is the more realistic among various reports on the number of workers from the territories working in Israel at any given moment. In addition to confusing work permit holders and those who are actually making use of their permit, it is common to overlook the fact that there are permits for work in Israel, on the one hand, and permits, allowing the holder to work for Israelis in settlements or industrial zones within the territories, on the other. Moreover, one may find it reported under the heading "working in Israel", that some 10,000 Palestinians hold jobs in East Jerusalem.[16] And then there are the Palestinians who come to work in Israel without a permit; an estimated 30,000 to 40,000 workers from the West Bank are known, at some risk but usually without a problem, to cross the notoriously porous green line. Another category of Palestinians, referred to as merchants, although other independent workers are also included, are granted entry — rather than work — permits allowing them to earn an income in Israel; according to the Israeli Ministry of Labour and Social Affairs these permits have increased to around 15,000, "the largest number ever". All in all, it would seem plausible to conclude that there are now on "normal" days around 100,000 Palestinians from the occupied territories

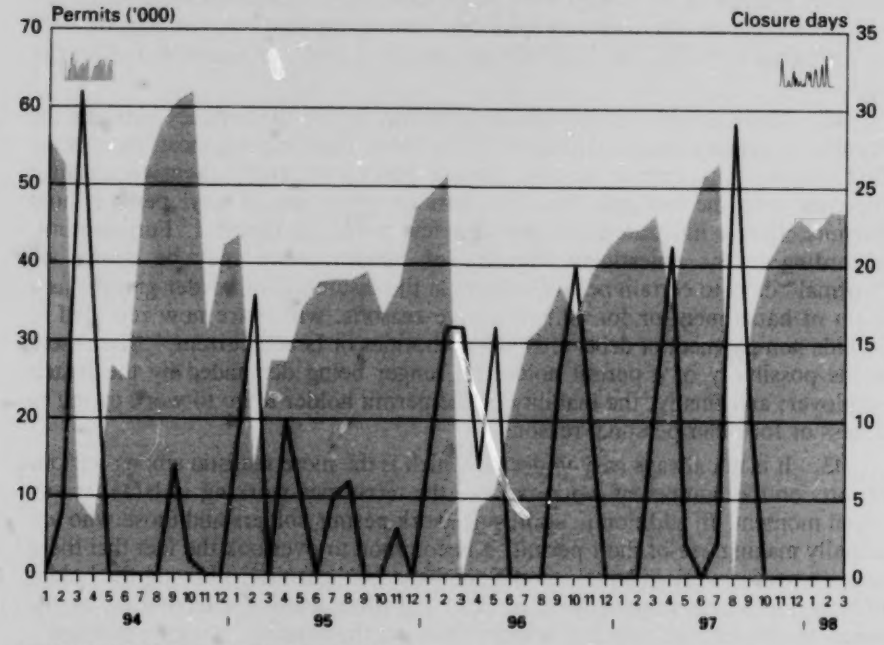
[14] At time of writing US$1 equalled NIS3.67.

[15] See reports in *Ha'aretz*, 11 and 28 Jan. 1998, and in *Jerusalem Post*, 13 Feb. 1998.

[16] See David Harris: "Labor Ministry estimates: Up to 110,000 Palestinians working in Israel", in *Jerusalem Post*, 8 Apr. 1998.

working, either for wages or on their own account, in Israel or at least, for Israelis.

Figure 1. West Bank and Gaza Strip residents holding permits for work in Israel and days of total closure (per month, 1994-98)



Source: Palestinian Authority Ministry of Labour, 1998.

44. Since the supply of Palestinian labour has been subject to considerable uncertainty, Israeli employers have increasingly resorted to hiring migrant workers from faraway countries, including Thailand and Romania. Data published by the Israeli CBS on "employee posts" held by legal workers from abroad, show that their number rose from 30,500 in 1994 to 84,000 in 1997. Over the same period, the number of Palestinian workers in this category went down from 38,300 in 1994 to 26,600 in 1996 and up again to 33,000 last year.[17] This shows that foreign labour has more than made up for shortfalls in the number of Palestinian workers, or, in other words, that the demand for non-Israeli workers has continued to increase all along, in spite of rising unemployment, now affecting more than 180,000 Israelis. As it is widely believed, including by the

[17] Israel, Central Bureau of Statistics: *Statistical Abstract of Israel, 1997*, No. 48 (Jerusalem, 1997), table 12.28, and David Harris: "Legal foreign workers up 5.5%", in *Jerusalem Post*, 7 Apr. 1998.

Israeli Ministry of Labour and Social Affairs, that an additional 120,000-150,000 illegal foreign workers are currently finding work in Israel, the situation is increasingly generating public concern, as confirmed by several of the mission's Israeli interlocutors.[18] The mission was informed by the Israeli authorities that it is the intention of the Israeli Government to reduce the number of foreign workers drastically as soon as possible, and to increase the number of Palestinian workers.

Unemployment, underemployment and poverty in the occupied territories

45. The employment problem of the occupied territories is certainly evident in the unemployment data published by PCBS on the basis of its regular labour force survey. The fact that, after a disastrous situation in 1996, conditions in the labour market eased to some extent in 1997 should not be mentioned without recognizing that, on average, 21 per cent of the Palestinian labour force (some 116,000 workers) were unemployed in 1997 — that is, not working even one hour per week, available for work and seeking it. When one adjusts the figure for "discouraged" jobseekers, as UNSCO does, by including those who have given up seeking work (and who are therefore no longer considered part of the labour force), the average number of unemployed in 1997 increases to 189,000, i.e. 30 per cent of the — larger — labour force for the territories as a whole; the adjusted unemployment rate is then 27.5 per cent for the West Bank and 37.5 per cent for the Gaza Strip.[19]

46. It appears that a fair proportion of those who are classified as employed work less than a complete working week and would be interested in working additional hours. PCBS has therefore made a distinction between full employment and underemployment, depending on whether people work at least 35 hours per week or less. In 1997, an average of just under 80 per cent of the labour force were considered to be employed, consisting of roughly 70 per cent who were fully employed and almost 10 per cent who were reported to be underemployed. While these breakdowns may seem somewhat arbitrary, the point is that not all who are recorded as being employed come home with an adequate income.

47. Indeed, as would be expected in circumstances such as those prevailing in the territories, and as is borne out by the available statistics, levels of income are reported to have dropped significantly in recent years and, as a corollary, levels of poverty have gone up. Citing surveys undertaken by the Israeli CBS, the Norwegian research institute FAFO found that, between 1987 and 1995, average real wage income for households that depend on such income fell by about 45 per cent in Gaza and by about 30 per cent in the West Bank.[20] According to

[18] See also Moshe Arens: "Foreign worker folly", in *Jerusalem Post*, 16 Jan. 1998.

[19] *UNSCO Report on economic and social conditions*, op. cit., pp. 16-17.

[20] J. Pederson and R. Hooper (eds.): *Developing Palestinian society — Socio-economic trends and their implications for development strategies*, FAFO Report 242 (Oslo, 1998).

UNSCO,[21] average *real* daily wages for workers of the territories declined by 7.6 per cent, from US$17.23 in 1996 to US$15.93 in 1997; the decline was most severe in Gaza (15.8 per cent); it was 9.7 per cent in the West Bank and 4.5 per cent for workers in Israel. Average monthly wages declined slightly less, presumably because more hours and more days were worked per month than in 1996; average real monthly wages for workers in Israel in fact rose by almost 1 per cent to US$485.16. As regards average real household expenditure in the territories, PCBS surveys show a 9.4 per cent decline, from US$828 in 1996 to US$750 in 1997. Finally, a recent report by the Palestinian Authority Ministry of Economy and Trade and the World Bank, cited in the Israeli press,[22] estimated that 19 per cent of Palestinians in the West Bank and Gaza Strip — about half a million persons — lived below the poverty line as a result of volatile labour conditions, on US$650 per year — less than US$2 per day.

CONDITIONS OF WORK, FREEDOM OF ASSOCIATION AND INDUSTRIAL RELATIONS

Conditions of work

48. The Israeli system of work permits continued to be a major point of concern for Palestinian workers. While the number of permits issued is on the increase (see above), this does not necessarily correspond to the actual number of workers claiming those permits and thus working legally in Israel. The age limit for receiving work permits now stands at 23 (being married and having security clearance remain further conditions), and may drop further depending on the security situation. As pointed out in previous reports, the system of work permits is affected by Israeli closure of the territories, and working conditions suffer since workers with permits are not able to reach their place of employment and have their corresponding wages withheld or are dismissed as a result of these absences. This year again, the Palestinian Authority Ministry of Labour complained about closures preventing Palestinian workers from reaching their jobs in the Israeli labour market, as well as affecting the mobility of individuals and goods between Palestinian Authority territories of the West Bank and Gaza Strip. The Israeli Government's new policy, outlined above, is intended to improve the situation. In addition, it is estimated that between 30,000 and 40,000 Palestinians, especially from the West Bank where borders are difficult to monitor, work without papers in Israel. There can thus be little control over their working conditions.

49. Concerning the non-payment of wages due and severance pay when closures prevent Palestinian workers from getting to their jobs in Israel or Jerusalem, the Palestinian Authority Ministry of Labour has brought the issue to

[21] *UNSCO Report on economic and social conditions*, op. cit., pp. 26-27 and p. 31.

[22] See: "One fifth of Palestinians live below poverty line — Study", in *Jerusalem Post*, 17 Mar. 1998.

the attention of the Israeli authorities in the context of the joint Subcommittee on Employment and Labour Issues. For example, at its first meeting on 28 October 1997, the Subcommittee discussed the possibility of granting to a certain number of workers the right to remain overnight on Israeli territory in certain circumstances, thus allowing them greater flexibility to show up for work. The Israeli Ministry of Labour and Social Affairs and the Office of the Coordinator of Government Activities in the Territories (OCGAT) informed the mission that 5,000 such work permits were now available, some 4,000 having already been issued following verification of the accommodation being offered by the employers involved. More might be available in the future. Likewise, it had been decided to issue special permits to allow certain workers to go to their jobs in Israel even during closures. The criteria, according to the Israeli authorities, would be the importance of the job to the economy and the security risk.

50. A corollary to the system of work permits itself was the problem of physically getting through border crossings. All parties on the Palestinian side referred to the Erez crossing as particularly time-consuming and unpleasant for Palestinian workers. The Israeli authorities — as noted in last year's report — intend to hand over the running of the Erez crossing (and eventually similar border checkpoints) to the civil authority in order that professionals trained in such matters would have responsibility for the movement of workers, goods and visitors. They hoped that the hand-over, as well as the major refurbishing of Erez, would be completed by the end of 1999. The Palestinian Authority Ministry of Labour referred to insults and harassment of Palestinian workers at the hands of Israeli soldiers; this was also mentioned by the PGFTU and the Democracy and Workers' Rights Centre. It was alleged that there had been some cases of border guards threatening confiscation of permits unless holders agreed to collaborate with Israeli security forces, and the Palestinian Authority Ministry of Labour stated that it had made official protests about this in vain. The Democracy and Workers' Rights Centre supplied a list of 47 named Palestinian workers (and their identity card numbers) whose work permits had been confiscated at the Bethlehem checkpoint because they refused to cooperate with the Israeli security services; a similar list of 13 names and ID numbers was given for Erez checkpoint confiscations. The Centre claimed that during 1997 it had received a large number of complaints about this pressure to become informers, occurring particularly at the Erez, Jenin and Tulkarem checkpoints.

51. A positive development since the last report of the Director-General has been a change in Israeli policy concerning the freedom of movement of employees between employers. Paragraph 30 of the 1997 report had described information received from Palestinian unions and human rights NGOs concerning regulations of the Israeli Employment Service's Payments Section which opposed the transfer of workers from one employer to another. The Israeli authorities reported that a new instruction had been issued by the Payments Section, according to which the requirement for a release letter was eliminated.

52. A second major complaint continues to be the non-payment or discriminatory under-payment of wages to Palestinian workers by Israeli employers, and the related bureaucratic problem facing Palestinians who wish to

seek justice in this regard before the Israeli courts. It is recalled that, following a 1996 National Labour Court decision, Palestinians from the West Bank and Gaza Strip are deemed to be persons outside Israeli jurisdiction and therefore can be required to deposit guarantees — the amount being at the discretion of the judge — with the labour courts as a condition for lodging claims. Both the Palestinian Authority Ministry of Labour and the PGFTU referred to Israeli employers not paying Palestinians the legal Israeli minimum wage.[23] The Palestinian Authority Ministry of Labour also describes cases of Israeli employers filing for bankruptcy to evade payment of wages to Palestinians, then continuing the same business as a new company registered in the name of family members. The Manufacturers' Association of Israel stated that employees have protection in the event of employer insolvency in the form of National Insurance Institute (NII) coverage; as for "false" bankruptcies, there was no detail on which the Association could respond. The Israeli Ministry of Labour and Social Affairs explained the procedure and enforcement of Chapter 8 of the 1995 Israeli National Insurance Act, which covers the rights of employees (whether Palestinians or Israelis working under Israeli law) in the event of employer bankruptcy and the winding up of companies. Following a court declaration of bankruptcy, an employee completes a simple application for payment of wages due and any severance entitlements and the NII, after verification, proceeds to fulfilment of the claim. There are no residency or citizenship criteria. In the event that the employee does not have a bank account into which the payment may be made (including accounts in the territories), cheques can be handed over personally, with arrangements even being made to meet the employee at a checkpoint. Regarding the general claim that Israeli employers can cheat in declaring the numbers of days worked and not pay the minimum wage, the Israeli authorities have asked the Palestinian Authority to cooperate in publicizing the payment issue, for example through media campaigns.

53. The court bond remains a deterrent, according to the Palestinian Authority Ministry of Labour and the Democracy and Workers' Rights Centre, to workers trying to have payment of the minimum wage enforced and in general cases of claims for non-payment of wages due. The Centre told the mission of two class actions for non-payment of minimum wage that it has filed on behalf of 200 workers, in which a court bond of US$0.5 million was required and posted with difficulty. The Israeli Ministry of Labour and Social Affairs made the distinction between court fees, which relate to the amount of the claim lodged, and court guarantees, which are not automatic, but may be set at the discretion of the judge when a security to cover an award of costs is required. The Ministry pointed out that it had offered solutions to the problem of Palestinian workers not having the money to post bonds: the Palestinian Authority could give a specific guarantee in this regard and, when a court awarded costs against a Palestinian worker and the

[23] See also, United Nations Commission on Human Rights: *Report on the situation of human rights in the Palestinian territories occupied since 1967*, E/CN.4/1998/17 of 19 Feb. 1998, para. 63; and United States Department of State, op. cit., p. 1474.

Palestinian Authority could not secure such monies from the individual, the amount could be paid out of the Equalization Fund.

54. A third complaint — one that has also been discussed in previous reports[24] — remains that of the compulsory social security deductions and unequal benefits for Palestinians working in Israel, who are denied residency-based benefits, for example. Pending the adoption of the new Palestinian Authority social security and labour bills, Palestinian workers employed in the West Bank remain covered by Jordanian labour law affording protection in the event of sickness, invalidity and occupational injury; those in the Gaza Strip come under Egyptian legislation of 1957 and are not covered by any social insurance system. The Israeli Ministry of Labour and Social Affairs repeats that it conforms strictly to the provisions of the Paris agreement to the effect that Israel shall retain the monies in its Equalization Fund until the Palestinian Authority creates the corresponding fund into which the monies can be paid. It is estimated that the 1997 contributions amounted to US$30 million. The Israeli authorities have offered technical advice to their counterparts for the establishment of the Palestinian Authority fund, but these offers have not been taken up. They regularly inquire about progress in this area.

55. Some of the problems discussed above are particularly acute for Palestinian workers employed in Israeli settlements and industrial zones. As noted in the previous chapter, on average, over 1997, 10,000 Palestinians held permits to work in the settlements and industrial zones each month. The Israeli Ministry of Labour and Social Affairs' figures for May 1998 showed that 15,000 Palestinians were employed in Israeli settlements at that time. It appears that Israeli District Labour Courts apply Israeli legislation and orders. Although Military Order No. 967 of 1982 stipulates that they should receive wages not less than the minimum wage fixed by the Israeli authorities, the Democracy and Workers' Rights Centre has provided copies of wage vouchers of Palestinians working for Israeli companies in the Erez, Atarot and Mishor Adumim industrial zones during the last 12 months, from which it appears that the wages paid were below the then current minimum wage rate. A *Ha'aretz* article published on 1 January 1998 describes the situation in the Israeli industrial park in Barkan, including poor safety conditions and payment of NIS6 to 10 per hour when the Israeli hourly minimum at that time was NIS12.63. The Palestinian authorities state that there are no formal Israeli institutions supervising working conditions in these areas.

56. A fourth problem raised with the mission was the emergence of a new arrangement through a type of "manpower company" system and the potential for abusive conditions of work applying to Palestinians who sign up with them in the hope of getting jobs in Israel. There would appear to be a certain degree of confusion about the exact proposals being put forward. The Palestinian Authority Ministry of Labour stated that it had discussed a proposal submitted to it by the

[24] For a detailed description see the 1993 report, paras. 85-91, and the 1994 report, paras. 71-74.

Association of Contractors and Builders in Israel with the Israeli authorities at the March 1998 meeting of the joint Subcommittee on Employment and Labour Issues. The PGFTU has declared its full opposition to such developments and the Democracy and Workers' Rights Centre also took a clear stand against such contractor company arrangements for fear that not only workers' terms and conditions of employment, like wages will suffer, but also their trade union and collective bargaining rights. At the meeting with the Manufacturers' Association of Israel, the representative of the construction industry employers described the proposal that it had made to the Palestinian Authority to hire workers in "teams", since that responded to the needs of certain work sites and increased productivity. The proposal was not an attempt to discriminate against Palestinian workers; on the contrary, it would be designed to benefit both sides, those seeking work in Israel and those with jobs to offer. There would be criteria to respect in the field of working conditions, such as payment of the minimum wage, and facilities would be provided, such as housing near the crossings and transport. The Israeli Ministry of Labour and Social Affairs included this in its list of new initiatives, describing it as an effort to forge cooperation between the heads of the construction sector in Israel and senior representatives of the Palestinian Authority, with the goal of expanding employment of Palestinians in Israel by means of progressive and traditional methods of employment. This included employing "teams" rather than individual daily wage workers. While stressing that this was a private sector issue, the Israeli authorities were aware that the Association had made a written proposal to the Palestinian Authority and had insisted that certain conditions be met beyond those that exist under the current legislation concerning registered manpower contractors (for example, under the Foreign Workers (Unlawful Employment) Act, 1991), such as ensuring that wages be paid into workers' individual accounts under the supervision of the Payments Section of the Israeli Employment Service. They envisaged a role for the trade unions in any such arrangements as well. The point was made that the technicalities of arranging the "teams" need not be a major obstacle; the employers in construction just wanted to have a clear partner with which to deal — as they did when hiring foreign workers — in getting Palestinian workers into the jobs where they were needed.

57. As regards child labour, the ILO's International Programme on the Elimination of Child Labour (ILO-IPEC) commissioned a report in 1997 on child labour in the occupied territories.[25] It was completed using data from a May 1996 survey on child labour carried out by the PCBS,[26] the fieldwork and research of

[25] Mervat Rishmawi: *National report on child labour in the West Bank and Gaza Strip* (Geneva, ILO, 1997).

[26] It should be noted that the child labour survey defined a "child" as being aged between 12 and 16 years, which does not correspond to the ILO's Minimum Age Convention, 1973 (No. 138), which provides that the minimum age for admission to employment or work shall not be less than the age of completion of compulsory schooling and in any case not less than 15 years (14 for developing countries). The UNICEF fieldwork covered only male children aged 8 to 15.

the Palestine Section of Defence for Children International and fieldwork by UNICEF. Briefly, its findings pointed to the connection between children having to work and the bad economic situation, which in turn is linked to Israeli closures and measures on restriction of movement. It stated that children were forced to work to make up for the loss of family income during such periods. The inconsistencies between the different labour laws applying throughout the territories, and between them and the provisions on compulsory education, were also cited as a reason behind the growing visibility of child labour there. Other causes of children leaving school to work included a high tolerance of child labour in Palestinian society, particularly in the case of girls, and inadequacies in the school system itself. The report noted that there were no clear data on the number of children working beyond the 18,500 or so in the 12-16 age group identified by the PCBS survey, nor was there a uniform pattern of an industry or occupation in which child labour predominates. In discussions with PCBS, statisticians voiced their awareness of the limited nature of research in this area so far, and hoped that more work would be done so as to obtain a clearer picture of child labour.

Freedom of association and industrial relations

58. As regards freedom of association, a distinction should be drawn between Palestinians working in Israel on a daily basis and those working in the occupied territories. Palestinian workers in Israel do not join the Israeli trade union federation Histadrut. However, the Histadrut's International Institute organizes training courses for Palestinian workers as part of its programmes. The mission was told that workers who are interested in joining Palestinian trade unions may do so. The Histadrut did receive an agency fee of 1 per cent of the wages of all Palestinians working in Israel with a permit. This was reduced to 0.7 per cent when health insurance contributions were no longer included. These Palestinian workers may be covered by Israeli collective labour agreements and may obtain legal defence from the Histadrut. It was agreed that the latter would pay the PGFTU half of these dues. The members of the mission were told that NIS250,000 were to be transferred in the near future. In addition it was proposed that in future half of the dues received (and collected by the Israeli Ministry of Labour and Social Affairs) should be paid directly to the PGFTU. The latter pointed out that Palestinian trade union leaders were normally not authorized to go to Israel to defend the rights of the workers concerned.

59. There have been calls in the past for the PGFTU to organize trade union elections and provide more detailed information on its financial situation. Some interlocutors emphasized the risk that if this were not done, a split might emerge or competing unions develop.

60. The Federation leadership replied that its main objective was to build a truly independent and democratic trade union movement. The by-laws of branch unions were therefore being revised. The Federation was also seeking to increase membership, which, according to it, now numbered some 87,000 paying members. In particular, it aimed to increase the number of women among its

membership, which was still very low, from 3 per cent to 10 per cent. The Federation also sought greater financial independence (which would enable it to have more officers) by raising dues. Another immediate goal was the adoption of a labour code which would put an end to present uncertainties concerning the applicable legislative provisions. The Federation's leadership wished to see better consultations with the Palestinian Authority on this subject and the organization of a tripartite meeting under the auspices of the ILO.

61. It was only natural that differences of opinion had emerged between the PGFTU and the Palestinian Authority on labour issues, in particular over the minimum wage and certain provisions of the draft Labour Code. Strikes had taken place and their legal status was uncertain. Disputes had also arisen with Palestinian employers. In these circumstances the Ministry of Labour had set up ad hoc conciliation machinery. The PGFTU wished to see a tripartite commission set up soon which would also deal with matters such as job creation, vocational training, price controls and foreign investment strategy. The Palestinian Authority reserved its reply on this issue.

62. The Palestinian Federation of Chambers of Commerce, Industry and Agriculture also appears to be in favour of setting up such a commission. A number of interlocutors pointed out that the functioning of this employers' organization had improved recently and that it was adapting to its new role within the territories. Although bilateral discussions with the trade unions were still rare, tripartite dialogue including the Palestinian Authority was continuing, in particular over the draft Labour Code. Other employers' associations had been created, but appeared to carry limited weight.

63. The Federation and the Chambers of Commerce, Industry and Agriculture also played an arbitrating role in disputes between enterprises. As a matter of principle, the Federation did not maintain contacts with the Manufacturers' Association of Israel. However, relations between firms did exist. The Palestinian Federation had established links with those of Jordan and Egypt, the Arab Federation of Chambers of Commerce and Agriculture, the Association of Mediterranean Chambers of Commerce and Industry and its equivalent in Europe, the ILO and the Arab Labour Organization.

64. The possibility of forming trade unions for public servants of the Palestinian Authority and especially for teachers was still problematical. There had even been cases of dismissals of trade union leaders. The situation appeared to be different for municipal employees.

65. Some interlocutors pointed out how difficult it was for the Palestinian Authority's labour administration to carry out the multiple tasks assigned to it. Some felt that a smaller but better-trained staff would be able to deal more rapidly and efficiently with the problems it faced. Technical cooperation with the ILO for this purpose will be discussed below.

TECHNICAL COOPERATION

66. During the period covered by this report, the ILO continued to implement the Memorandum of Understanding signed with the PLO Department

of Economic Affairs and Planning in January 1994, and endorsed by the Palestinian Authority.

67. Both at the end of the 1996-97 biennium and the beginning of the current biennium, the ILO programme and budget gave priority to assisting the countries and territories directly concerned in the peace process in the subregion, such as Gaza and the West Bank, with a view to maximizing the economic and social benefits of the process. The ILO's contribution continues to focus on capacity-building activities for officials responsible for labour and social policies and for the representatives of employers and workers. The regular budget makes provision for developing employment policies and programmes, human resources development, promoting employment through small enterprise development — the *Improve Your Business* (IYB) training package has been translated into Arabic — capacity building for labour administrations, rehabilitation services for persons with disabilities and strengthening workers' and employers' organizations.

68. The special programme in support of the Palestinian Authority and employers' and workers' organizations responds to the problems of poverty and unemployment in the territories with the aim of developing a democratic society in which due regard is given to human rights and workers' welfare. The activities have included: training, fellowships, technical advisory services and the provision of equipment, in the fields of labour administration, labour statistics, labour legislation, vocational rehabilitation, employment promotion, small enterprise development, rehabilitation of ex-detainees and capacity building for the social partners. The ILO's financial resources are used as seed money with a view to obtaining extra-budgetary funding through the identification and formulation of technical assistance programmes. Expertise in all the areas listed above is available through the Beirut-based Arab States multidisciplinary advisory team (MDT), supported with input from headquarters, in particular in the fields of social security, occupational safety and health, labour legislation, labour statistics, cooperatives and the elimination of child labour. For example, the ILO participated in the International Conference on Employment in Ramallah from 11 to 13 May 1998, organized by the Palestinian Authority Ministry of Labour and the Government of Sweden. An ILO coordinator based in the UNDP Office in Jerusalem continues to provide administrative support to ILO activities in the West Bank and Gaza Strip.

69. In the period from April 1997 to March 1998, the ILO continued to execute nine technical assistance projects in the West Bank and Gaza, totalling over US$8.5 million. They concern the establishment of a Department of Labour; programme for the rehabilitation and reintegration of ex-detainees; establishment of a model production workshop for low-cost wheelchairs; the Palestinian Employment Programme (PEP); establishment of the Sheikh Khalifa Vocational Rehabilitation Centre; training of contractors; integrated small business promotion through the Chambers of Commerce, Industry and Agriculture; capacity building of the Palestinian Federation of Chambers of Commerce, Industry and Agriculture; and support to trade unions.

70. Three of these projects are financed by the ILO, and reflect the ILO's commitment to tripartism. The project entitled "Establishment of a Department

of Labour", which was launched in 1994, is designed to build and strengthen capacities in the Palestinian Authority Ministry of Labour and pilot labour offices on various issues related to labour policy. Through technical advisory services, training and the provision of equipment, priority has been given to issues such as: developing employment services and labour inspection; occupational safety and health; elaboration of the draft Labour Code; and enhancement of social dialogue and labour relations. Special attention has been given to improving management and training capacities within the Ministry through the training of trainers programme. The training activities included technical advice on management and organization of labour departments, on employment office services, on collective bargaining and on labour inspection. The project to strengthen the Palestinian Federation of Chambers of Commerce, Industry and Agriculture, the umbrella employers' organization, has focused on improving the communication and information flow between the Federation and local Chambers. Advanced electronic communications equipment was provided to the ten affiliated Chambers, and a Trade and Business Directory was published. The ILO also assisted in the drafting of two new constitutions for the Federation itself and for the local Chambers, respectively, and in the elaboration of an action plan which had served as the basis for these draft constitutions. In its meeting with the Federation, the mission was told of the achievements so far and received copies of its organization chart. On the trade union side, the ILO project has undertaken a number of training events on issues such as: workers' education; collective bargaining; women workers' rights and trade union rights. As part of these activities, the Office helped launch a new project entitled "Workers' education assistance to the PGFTU on vocational training", with financing from the Italian banking sector unions.

71. With regard to the multi-bi financed projects, first, the programme concerning the rehabilitation and reintegration of ex-detainees continues to strengthen capacities of the programme management unit in relation to business and loans, employment counselling and the creation of income-generating activities for ex-detainees. During the period, three training courses and study tours for employment counsellors were held, and 250 loans provided for income-generation activities. The ILO consultants completed a comprehensive audit and an operational manual. Second, with regard to the wheelchair project, three project-managed production workshops manufacturing low-cost, reliable wheelchairs and employing disabled workers are now fully operational in Nablus, Ramallah and Gaza. The project, now completed, has achieved most of its goals and at present is producing high-quality wheelchairs. Total sales have reached over US$100,000. In the project's final stage, efforts were intensified to promote the wheelchairs more widely to enable the production workshops to become self-sustainable. Third, the necessary arrangements were completed for the construction of the Sheikh Khalifa Vocational Rehabilitation Centre, including its design and the selection of consultants and a contractor. The German Government has agreed to finance a vocational rehabilitation expert for the Centre for one year. Fourth, the PEP has produced a comprehensive report analysing the state of employment in the West Bank and Gaza Strip and containing proposals for capacity building of the Palestinian Authority for employment promotion. The last

12 months saw the completion of a number of studies on subjects such as the housing sector's employment prospects, public sector investment, agricultural development and public sector employment. Fifth, the training of small contractors project has been conducting specific training programmes designed to strengthen technical and managerial support to small private contractors and, subsequently, to establish a local capacity for the continuous provision of *Improve your construction business (IYCB)* training, according to identified needs. During the last year, the project translated IYCB materials into Arabic, conducted training of trainers and of contractors, and carried out studies on the problems facing small contractors.

72. Lastly, a new project entitled "Integrated small enterprise development" (ISED) was launched during the year in the Federation of Chambers of Commerce, Industry and Agriculture. It is designed to assist four selected Chambers to strengthen their capacity to develop small enterprises. Assistance will cover business planning, marketing, productivity and product quality; training programmes; networking between small businesses and overseas sectoral associations; identification of other support schemes; information services; and credit access. The project is providing non-financial support to artisan and small-scale enterprises — particularly in the marble and stone, leather and footwear, garment and textiles subsectors — through four units: one each in the Chambers at Hebron, Nablus and Gaza and a Management Unit (MU) in the Federation itself. Beyond the objectives of the project's highly practical activities, one tangible achievement is that the project was able to coordinate with other donor projects, such as the World Bank credit programme for micro-businesses (US$24 million), the Jordan National Bank credit project (US$8 million) and the USAID micro-credit programme. This has resulted in the signing of a cooperation agreement between the Federation and the Finanziara Industriale Fin. Ind. S.P.A., which will be used as a model for undertakings between the Federation and other financial intermediaries. If this first, 24-months stage proves to be a success, a second phase, also with Italian financing, will build on it for a further 24 months.

73. Possible future technical cooperation assistance could cover child labour, gender equality and social security. Mention has already been made of the report on child labour in the West Bank and Gaza Strip commissioned by ILO-IPEC to provide information on the trends, characteristics and causes of Palestinian child labour.[27] The study focuses on the possible measures to be taken by the Palestinian Authority to deal with child labour, which, while not new, is becoming increasingly visible. The Office is considering launching a programme of action for the elimination of child labour in the West Bank and Gaza Strip. When the members of the mission met with the Chairperson of the NGO Foundation Avenir, Ms. Arafat, they discussed the characteristics of the work of children, which is particularly visible among young boys in Gaza. She stated that a conference on child labour in the territories would heighten awareness of the

[27] Rishmawi, op. cit.

problem. She stressed that other efforts should be undertaken by the ILO and the international community generally, such as employment creation in the territories so that Palestinian adults were not forced to seek jobs in Israel and thus be subject to the employment effects of closures. Concerning gender equality, the Office formulated a draft action plan for the West Bank and Gaza Strip within the framework of the *More and Better Jobs for Women* programme,[28] which aims at providing guidelines to achieve equality of opportunity and treatment for women and men in the world of work and to support particularly disadvantaged groups of poor working women. Contacts are under way with the concerned parties in order to finalize the action plan. As regards social security, an ad hoc fact-finding and needs assessment mission on social security was also carried out during this period.

74. The ILO's International Training Centre in Turin (the Turin Centre) continues to execute a number of activities, currently worth approximately US$1.6 million, in the form of both specific events designed for the Palestinian Authority and involvement of Palestinian participants in regional-level courses. In the context of the Italian-funded Project for the Development of Technical Colleges for the Palestinian Authority, seven activities were carried out in which 94 Palestinians took part: management in equipment procurement; modular curriculum development; training of trainers in vocational education; training of trainers in secretarial and business administration; and management of technical and vocational education. In the framework of the three-year Italian-funded Programme for the Socio-economic Status of Women, four training activities took place in which 58 Palestinian women participated: promotion of women workers' rights/strengthening of national machinery (two weeks in Turin, including study visits to the Italian National Commission for Equality and Ministry for Equal Opportunities); promotion of women workers' rights/strengthening of NGOs; business plan preparation; and financial planning. It should be noted that women came from different entities for these different activities — from the women's departments and units within the Palestinian Authority administration (including high-level representation from the Ministries of Planning and International Cooperation, Labour, Social Affairs, Health, Agriculture, Local Governance and Tourism and the PCBS) for the national machinery course, from Palestinian women's and human rights NGOs for the course on enhancing NGOs, and from a variety of groupings, including Chambers of Commerce, for the last two courses.

75. With funding from the Walloon Region of Belgium as part of a two-year programme for the promotion and development of Palestinian women's entrepreneurship, two training activities took place with 30 Palestinian participants: business plan preparation and financial planning. The Flemish

[28] Lin Lean Lim: *More and Better Jobs for Women — An action guide*, Follow-up to the Fourth World Conference on Women and the World Summit on Social Development (Geneva, ILO, 1996).

Community of Belgium funded a training course on organization and management for trade unions of the West Bank and Gaza.

76. Further training activities to strengthen managerial capacity within the Ministry of Labour and improve its services to the public, in particular a course on training of trainers of the Labour Institute of the Ministry (with input from the ILO's Labour Administration Branch) are scheduled to take place in Turin in 1998.

77. The Turin Centre's Regional Programme for Arab States ran a number of courses in 1997 in which Palestinians participated, following successful courses organized in 1995 and 1996. In this way, with regular budget and Italian funding totalling almost US$100,000, 15 Palestinians received training in business creation and management, community-based rehabilitation, management of technical cooperation, employment generation, management of trade union training systems and improving the performance of private enterprises. In addition, the Centre obtained funding for the translation into Arabic of the Women Workers' Rights Modular Training Package, which was used in many of the training events described above.

78. The ILO, as in past years, extended its assistance beyond directly financing projects and executing programmes, by assisting the Palestinian Authority and Palestinian employers' and workers' organizations in contacts with the international donor community. UNSCO's *Special report on the private economy: Conditions and prospects*[29] states that since 1993 donor countries have pledged some US$3.63 billion, committed US$3.03 billion and disbursed US$1.83 billion in support of the Palestinian Authority's development effort in the West Bank and Gaza Strip. As of the third quarter of 1997, commitments in the areas of legal reform, institution and capacity building, public infrastructure, education, health and public safety amounted to approximately US$1.7 billion and disbursements in these areas totalled nearly US$1 billion. At the annual donor meeting under the aegis of the World Bank, held on 14-15 December 1997, participants focused on the Palestinian Authority document *Palestinian Development Plan: 1998-2000*, which follows a strategy of encouraging private sector investments in the West Bank and Gaza and direct government intervention in relieving conditions for the poor, particularly in rural areas, and in upgrading infrastructure and developing human resources where such investment could not be provided efficiently by the private sector. Donor countries promised close to US$750 million to fund 1998 projects and a further US$150 million in guarantees for private investment.

79. The ILO — with its commitment to social and economic progress and support for tripartism — is uniquely placed to assist the Palestinian Authority and the employers' and workers' organizations of the occupied Arab territories in working towards a better economic climate and improved conditions for its workers. Its priorities remain the promotion of full, freely chosen and productive employment and the strengthening of national institutions and capacity building

[29] UNSCO (Gaza, Feb. 1998).

within civil society. It is in this spirit that it supports technical cooperation proposals for the creation of a tripartite committee along the lines of that discussed above.

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80. As in the past, and in the light of the resolution adopted by the International Labour Conference in 1980, this report has endeavoured to describe the main features of the conditions of employment of workers of the occupied Arab territories. Many of the points raised in this report are a consequence of the state of occupation of the territories. Even though some consider that this aspect lies outside the ILO's competence, it adds difficulties of all kinds to the already very real problems arising out of the migration of thousands of workers, in principle on a daily basis, and out of the relations between different economic, social and cultural systems. Therefore it cannot be passed over in silence. For my part, I hope that this document will contribute to a better understanding among the parties concerned and an improvement of the situation in the field of labour.

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